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# STATION RESOURCE GROUP

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## Brilliant on the Basics: Listener Support Final Report

### Summary

*Brilliant on the Basics: Listener Support* (BOB) started in the spring of 1997 as a collaborative learning project involving eighteen members of the Station Resource Group. BOB was aimed at achieving "*a sustained increase in our ability to convert listening to listener support.*" Over two and a half years, participants set common goals, identified growth opportunities, monitored performance, commissioned research, implemented new practices, and reported to the public radio system.

Participants included Colorado Public Radio, Denver; KPBS, San Diego; KPLU, Tacoma; KXPR/KXJZ, Sacramento; KUER, Salt Lake City; Nebraska Public Radio, Lincoln; New Hampshire Public Radio, Concord; Northwest Public Radio, Pullman; WAMU, Washington D.C.; WDUQ, Pittsburgh; WETA, Washington D.C.; Wisconsin Public Radio, Madison; WKSU, Kent; WOI, Ames; WSHU, Fairfield; WUNC, Chapel Hill; WUSF, Tampa; and WXPB, Philadelphia.

Among the most important activities and major findings of BOB:

- BOB participants were enrolled in Target Analysis just as Target Analysis became available to public radio stations. Target Analysis was used extensively to examine—and to change—many of the participants' basic membership practices.
- It became clear that renewal rates can be improved by well-timed donor contacts. To implement the most effective program, project participants moved toward a "proven practice model" for renewals.
- An examination of the relationship between renewal rates and the *source* of acquisition created a new awareness that the greater dependence on pledge drives, the lower the overall renewal rate.

- Because direct mail acquisition of new members is such an important part of building the station donor file, BoB provided the resource for stations to begin, or further develop, their direct mail capability.
- BoB created a unique forum for the discussion and analysis of complex membership issues and the training of senior development staff—for many participants, the first opportunity for advanced, peer-to-peer discussion of their work.
- BoB encouraged stations to develop effective, detailed annual plans by providing the participants with resources and a structured "time to plan."

This report will address several of these points in greater depth.

Mark Fuerst of Fuerst Management Consulting (FMC) served as project director for *Brilliant on the Basics: Listener Support*. Working in consultation SRG management and the senior development staff of the participating stations, FMC coordinated project activities, facilitated meetings of project participants, and oversaw commissioned research and analysis.

### **The BoB Approach—Group Seminars & Collaborative Planning**

Following a planning meeting in May, 1997, BoB participants met six times. Most meetings included seminars with outside consultants who presented advanced marketing practices, drawn from experience inside and outside public radio. The meetings then included discussion on how these techniques might be applied. Each meeting served as a planning opportunity for the next gathering. This general structure was an important component in BoB's overall success.

Two of these meetings, held in February 1998 and February 1999, were scheduled to allow participants to plan and to develop strategies for their own in-house development efforts in conjunction with information provided by Target Analysis. Stations were given the opportunity to review their plans with one or more of our outside consultants as well as with their BoB partners.

<b>MEETING SCHEDULE</b>		
May 1997	Washington, DC	Preliminary Planning with half of the BoB participants
June 1997	Washington, DC	Preliminary Planning with half of the BoB participants
November 1997	Washington, DC	Presentation of the Denver Project on Subscription Pricing. Presentation of Advanced Target Analysis Products. Briefing from the staff of Audience 98.
February 1998	San Diego	Special Planning Session with Barbara Appleby and Jim Lewis
May 1998	Washington, DC	Seminar on Direct Mail with John Mastrobatista (WGBH), Catherine Sercl-Harvanko (MPR) and Dick McPherson (McPherson Associates)
December 1998	Washington, DC	Second Seminar on Direct Mail with Elaine Tyson (Tyson Associates)
February 1999	Tampa, FL	Special Planning Session with Helen Kennedy and Catherine Sercl-Harvanko.

## **Activities and Major Findings**

### LOOKING BELOW THE TOP-LINE NUMBERS

- A focus on top-line membership revenues can conceal weaknesses in a membership program that will hamper the station in the long run. While increased revenue will always be a top priority, continuing growth will also involve building the membership file with donors who have a high propensity to renew and upgrade. This file growth requires excellent work in both recruitment and renewal.

Participants used Target Analysis and other performance-based information that challenged participants to reexamine—and to change—many of their basic membership practices.

The stations in the BOB project included national leaders in public radio fund raising. In 1996, the year before the project was organized, six of the eighteen BOB stations received national awards from the Development Exchange. Many of the BOB stations were achieving more than 10% annual growth in member revenue throughout the mid-to-late 1990s. Looking just at top-line numbers—gross membership revenue—all of the participants appeared to be healthy and growing.

All BOB participants engaged in two rounds of "Target Analysis," a sophisticated computer analysis of membership program performance using techniques developed by the Target Analysis Group of Cambridge, Massachusetts. FY97 information showed large gaps in the overall area of stations' membership programs. While membership *revenue* was increasing:

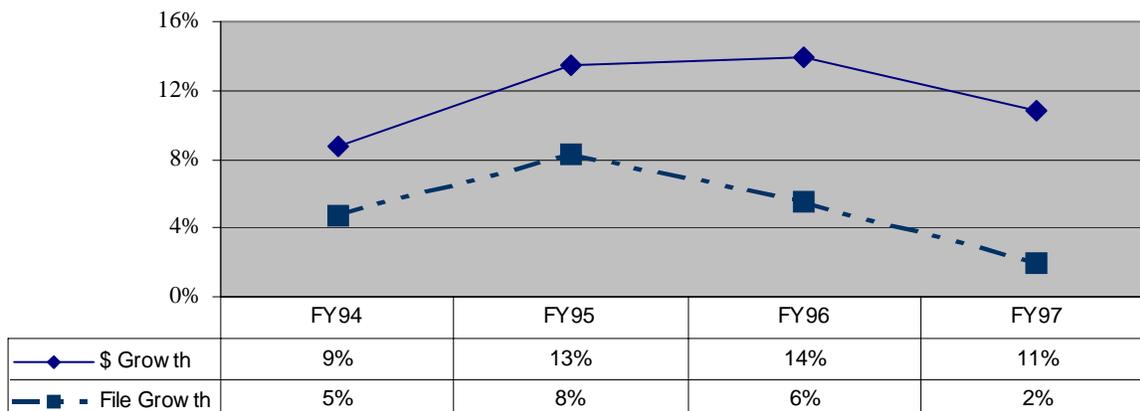
Revenue growth and file growth were both *slowing*;

Renewal rates were *declining*, contributing to the declining growth;

The best results were being achieved by stations that employed the widest range of *mailing* activities, including acquisition mail, additional gift campaigns and lapsed member mailings.

These trends are illustrated in the graph below:

**Target Analysis Revealed that Revenue and File Growth appeared to be slowing at BoB Stations**



**ADOPTING PROVEN PRACTICE MODELS**

Renewal Rates can be improved by well timed donor contacts. So project participants moved toward a *proven practice model* for renewals.

There is a short list of *proven practices* that can build a station's membership file and position the station for strong revenue over the long-run. These practices are not complex—they are a matter of timing, discipline, and budgeting. The best practice models include expanded off-air member recruitment, expanded renewal programs, and regular mailing to lapsed donors.

At the beginning of the project, renewal practices varied among BoB stations. By the end of the BoB project almost every participating station made concrete modifications to its membership program. The stations collaborated in the examination of proven practice models based on continuing research and actual experience. The February meeting sessions were used to benchmark individual performance by BoB participants against other organizations and performance assumptions were built in to performance projections.

### **Proven Practices for Renewals**

*Reprinted from the Development Exchange, Inc.*  
[www.deiworksite.org](http://www.deiworksite.org)

Current research indicates that the best renewal response rates for larger stations with monthly renewal programs are generated with a **five-part renewal series**. In a monthly renewal program, the first renewal notice is mailed in the 9<sup>th</sup> month of the membership year and monthly thereafter. Therefore, your renewal mailing sequence would follow this pattern:

- 9<sup>th</sup> month—Send 1<sup>st</sup> notice
- 10<sup>th</sup> month—Send 2<sup>nd</sup> notice
- 11<sup>th</sup> month—Send 3<sup>rd</sup> notice
- 12<sup>th</sup> month—Send 4<sup>th</sup> notice or use telemarketing
- 13<sup>th</sup> month—Send 5<sup>th</sup> notice

### **Proven Practices for Add Gifts**

*Reprinted from the Development Exchange, Inc.*  
[www.deiworksite.org](http://www.deiworksite.org)

Additional gift appeals can generally be mailed at least twice but no more than four times a year to each member. Add-gift appeals sent two to four weeks before a pledge drive often produce excellent results, generating significant dollars through the mail, and stimulating add-gifts on-air.

In most cases, additional gift appeals are unrestricted—and thus can be applied to meet wide-ranging operating and capital needs. Various targets or hooks can include:

- Program fund appeals
- End of year appeals
- Member matching challenge appeal
- Emergency appeals (to be used sparingly)

**Timing and Frequency of Additional Gift Appeals**

*Reprinted from the Development Exchange, Inc.*  
www.deiworksite.org

Best practice suggests that additional gift appeals be mailed two to three times a year. Appeals that are mailed prior to pledge drives not only generate significant dollars in and of themselves, but also stimulate add gift giving on-air.

At least twice a year to each member  
Usually not more than 4 appeals a year per member  
Mail drop timing immediately prior (2-4 weeks) to a pledge drive is ideal.

**RENEWAL RATES AND *SOURCE* OF ACQUISITION**

Member renewal rates are generally related to the source of acquisition. The greater the dependance on pledge drives, the lower the overall renewal rate. Even with the application of good renewal technique, renewal rates will generally be affected by the source of member acquisition.

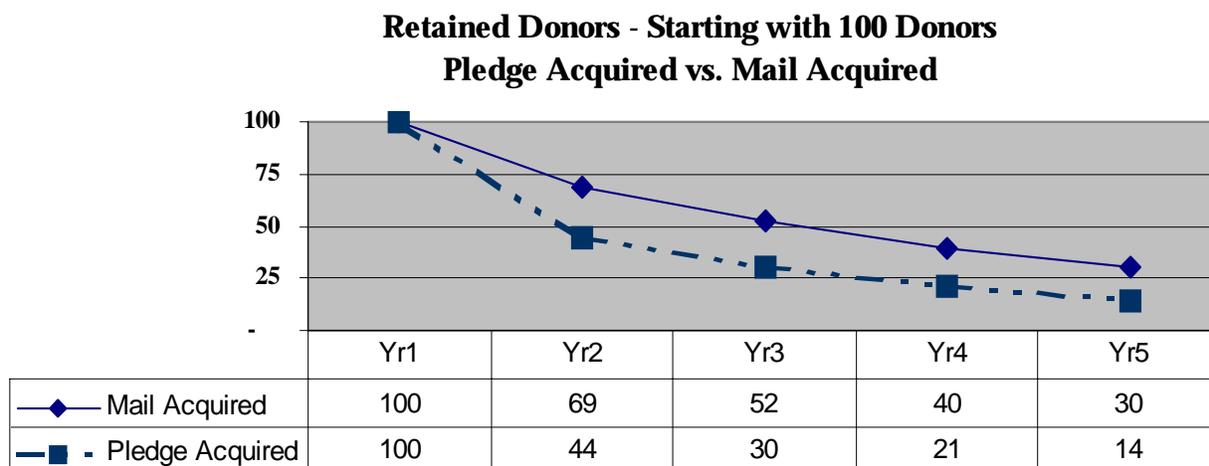
Lewis-Kennedy Associates supplied the following information from their work with stations in the public broadcasting system:

<b>Member Renewal Rates</b>	<b>Pledge Acquired</b>	<b>Mail Acquired</b>
Multi-year Renewal Rate	69%	76%
First-year Renewal Rate	44%	63%

An analysis of BOB station donor files indicated that donors acquired by on-air drives renew at lower rates than members acquired from direct mail. The BOB participants listed on this chart had the four highest renewal rates of the BOB group.

Licensee	Donors from Mail	Donors from Pledge	Renewal Rate
WETA	33%	23%	69%
Wisconsin Public Radio	61%	27%	65%
Colorado Public Radio	54%	33%	64%
Nebraska Public Radio	59%	34%	70%
Average for BOB	41%	47%	??%

The results of this difference—illustrated below—are profound for the system as a whole because most of the donors obtained by public radio



stations come through pledge drives. This dependency on pledge drives is directly related to the relatively low renewal rates seen at many stations.

#### ENHANCING DIRECT MAIL CAPABILITY

Because direct mail acquisition is such an important part of building the station donor file, BOB provided the resource for stations to begin, or further develop, their direct mail capability.

**Recommendations for  
Expanding the Use of Direct Mail within Public Radio  
*From McPherson Associates***

- ☛ Effective use of direct mail requires “entrepreneurial budgeting”—a development budget constructed to invest and reap. Organizations with the largest memberships—both inside and outside public broadcasting—are those that consistently seize opportunities in inviting climates by investing in the acquisition of new members whose retention produces high net revenue.
- ☛ Stations need appropriate list exchange policies and practices. Some of the nation’s best lists are available only on exchange. Reliance on rented lists in the face of “break-even” goals leads to limited mailing and testing.
- ☛ Stations should work together to develop and hone their acquisition practices. The tradition of every station conducting its own mail program drives up cost, leaves practices very uneven, and makes success or failure in direct mail dependent on individual staff members who often lack experience in the broader world of direct response marketing.

While all of the BOB stations used mail for renewals, only about a third of the stations conducted direct mail for acquiring new donors. McPherson Associates of Malvern, Pennsylvania worked with nine licensees—Capital Public Radio, Colorado Public Radio, KPLU, Nebraska Public Radio, New Hampshire Public Radio, Northwest Public Radio, WKSU, WUSF, and WSHU—to start up or refine their direct mail practices. BOB’s Direct Mail Test produced almost 3,000 new members for the nine stations, although at widely varying costs-per-new-member for the individual stations.

The individual list testing was especially valuable, especially for stations who had never mailed before, as with the tests of the "offer," i.e. the price of membership, incentives, etc. For example, the higher the "cost" of membership or gift requested, the poorer the response rate. This theme, in fact, enjoys almost the status of law among direct mail specialists. Though there are exceptions, years of overwhelming experience, and the BOB Direct Mail Test, reminded stations that seeking too high a gift from a prospect, instead of their first show of support, is usually a mistake.

#### CREATING A FORUM FOR SENIOR DEVELOPMENT STAFF

BOB created a unique forum for the discussion and analysis of complex membership issues and the training of senior development staff.

Most meetings were a combination of graduate seminar and group discussion. Participants could get advice from the best consultants in our field and float ideas with a receptive group of peers, who were always willing to learn and to share their own knowledge. Throughout the project, participants said that BOB was unlike any other professional training they had experienced in public radio. They cited the quality of the material, the depth of discussions and the support they received from colleagues.

#### **BoB Consultants and Seminar Leaders**

*November, 1997*

**Mark Miller**, Vice President, Talmey-Drake Research & Strategy described their groundbreaking *Subscription Research* conducted for Colorado Public Radio.

**Charlie Cardillo**, Vice President, Target Analysis, introduced Target Analysis' techniques, and advanced products including Revenue Source Analysis and Target Tags.

**David Giovannoni**, Audience Research Analysis, discussed the early findings of Audience 98 and their application to development practices.

**John Sutton**, John Sutton Associates, discussed the development of *More Programming/Less Fund Raising*.

*Continued*

**BoB Consultants and Seminar Leaders (continued)**

*February 1998*

**Jim Lewis**, Lewis-Kennedy Associates and **Barbara Appleby**, the Development Exchange, reviewed first-year Target Analysis results and provided one-on-one consultations to each BoB participant with an emphasis on areas to target for improvement.

*May 1998*

**John Mastrobatista**, WGBH, described the direct mail practices in place at his organization.

**Catherine Serci-Harvanko**, Minnesota Public Radio, reviewed the direct mail practices of MPR, including the development of direct mail pieces that had recently been funded by CPB's Future Fund.

**Dick McPherson**, Mcpherson Associates, discussed activities for the twelve-member direct mail co-op of public television stations he was managing. He also reviewed general acquisition mail techniques.

*November 1998*

**Elaine Tyson** of Tyson Associates reviewed advanced planning and design techniques that she had gained from her twenty years of work in building subscription files for magazines.

*February 1998*

**Helen Kennedy**, Lewis-Kennedy Associates, and **Catherine Serci-Harvanko**, Minnesota Public Radio, reviewed second-year Target Analysis results and provided one-on-one station consultations for continued improvement in their operations.

**LONG-TERM PLANNING FOR DEVELOPMENT ACTIVITIES**

BoB encouraged stations to develop effective, detailed annual plans by providing the participants with resources and a structured "time to plan."

Even the best development directors have a difficult time planning for improvements and change. The biggest barrier was the annual fund raising

cycle of public radio. BOB designed its meetings and focus to highlight the advantages of strategic planning as a component of development activities.

To encourage a change toward longer-range strategic thinking and planning, SRG scheduled the February meetings as planning retreats and provided stations with planning materials, one-on-one consultations, and an atmosphere of a place and time away from the station where staff would do nothing but plan.

To help stations prepare for the meetings in general, Mark Fuert's Public Radio Management developed a seventeen page *Membership Planning Guide*, based on the excellent material contained in PBS' Membership Academy workbook, that encouraged participants to look at every aspect of their membership program throughout the course of the year. (The *Membership Planning Guide* is available on the BOB Website.)

#### **Fund Raising Status Report for BOB Participants**

Charts illustrating fund raising through FY 2000 at participating BOB stations are attached.

#### **Presentations at Industry Meetings**

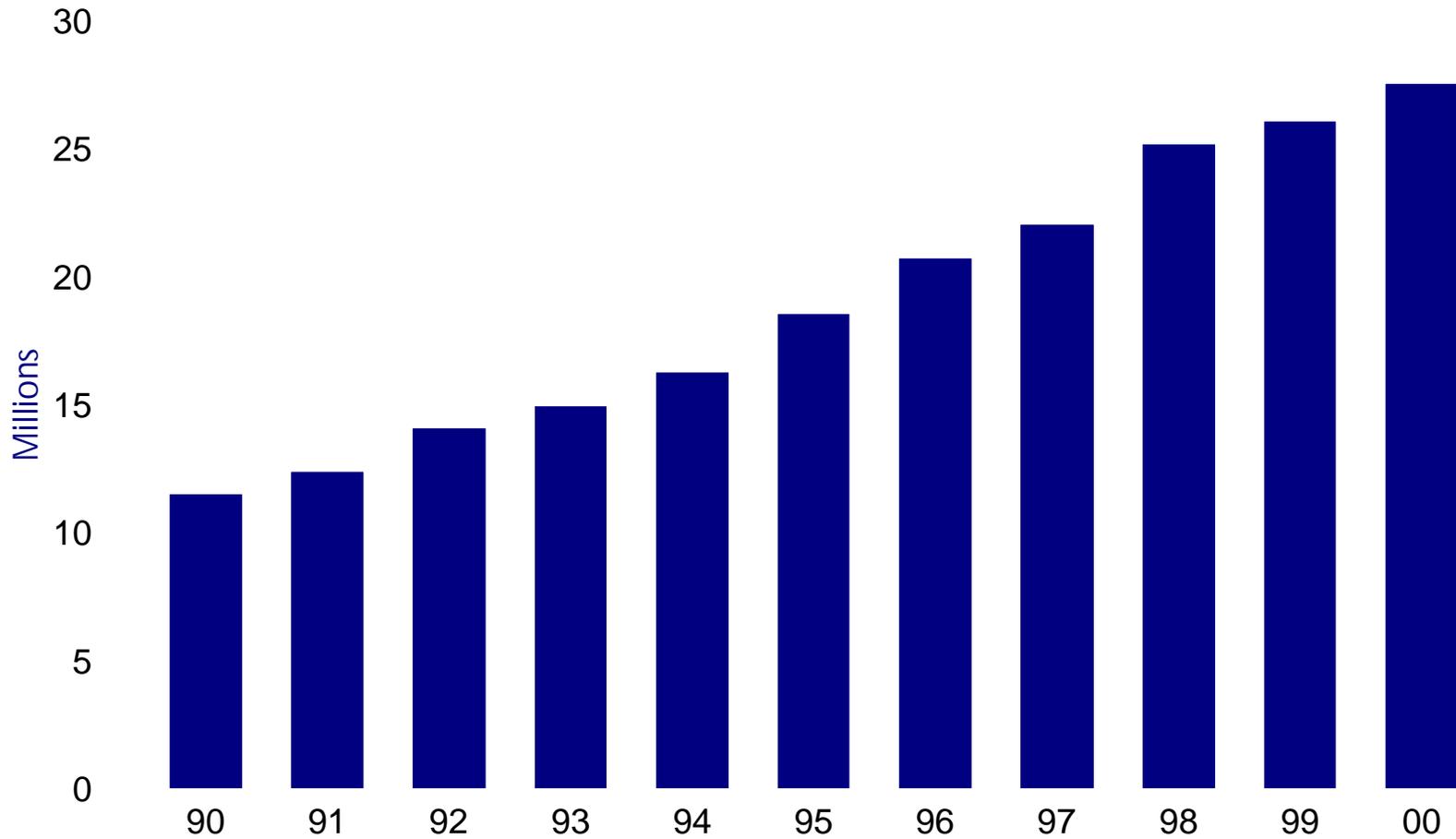
SRG presented project findings at the spring 1998 Public Radio Conference, where Mark Fuerst delivered both a detailed report on BOB activities and a preview of the *Public Radio Management Revenue Report* (which subsequently became a joint project of Public Radio Management and the Development Exchange). Since that time, there have been numerous presentations featuring BOB findings at DEI's annual conferences, the Public Radio Conferences, and SRG's Annual Retreats.

#### **Electronic Access to Materials**

BOB newsletters and related materials have been available to the public radio system since 1998 through SRG's website. Availability to these materials are also available via links from DEI's website, Public Radio Management's website and, most recently, CPB's Knowledge Base.

# BOB Stations' Listener Support

Adjusted for Inflation (2000 Dollars)

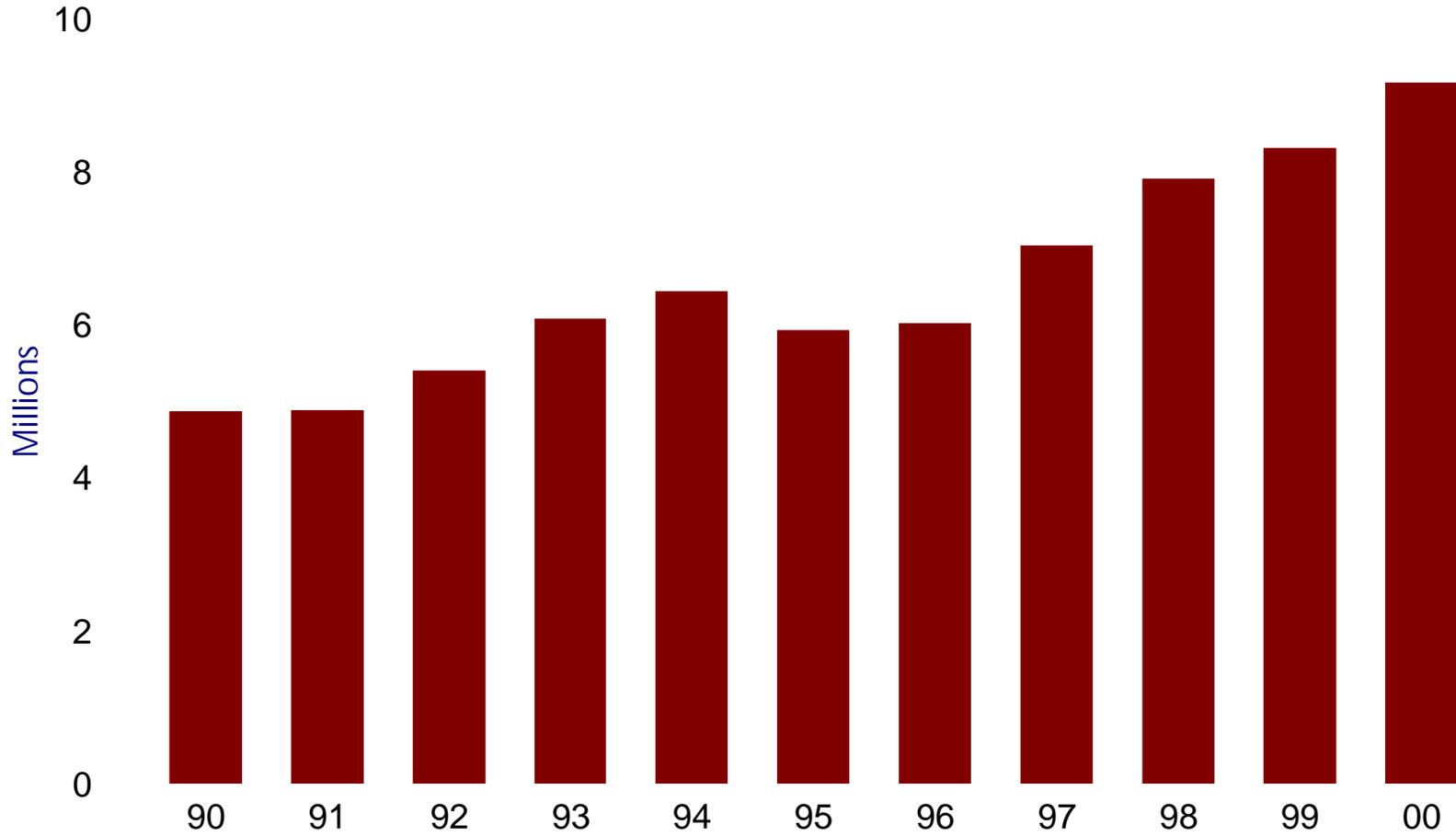


Source: CPB: Annual Financial Reports

Station Resource Group

# BOB Stations' Fundraising Costs

Adjusted for Inflation (2000 Dollars)

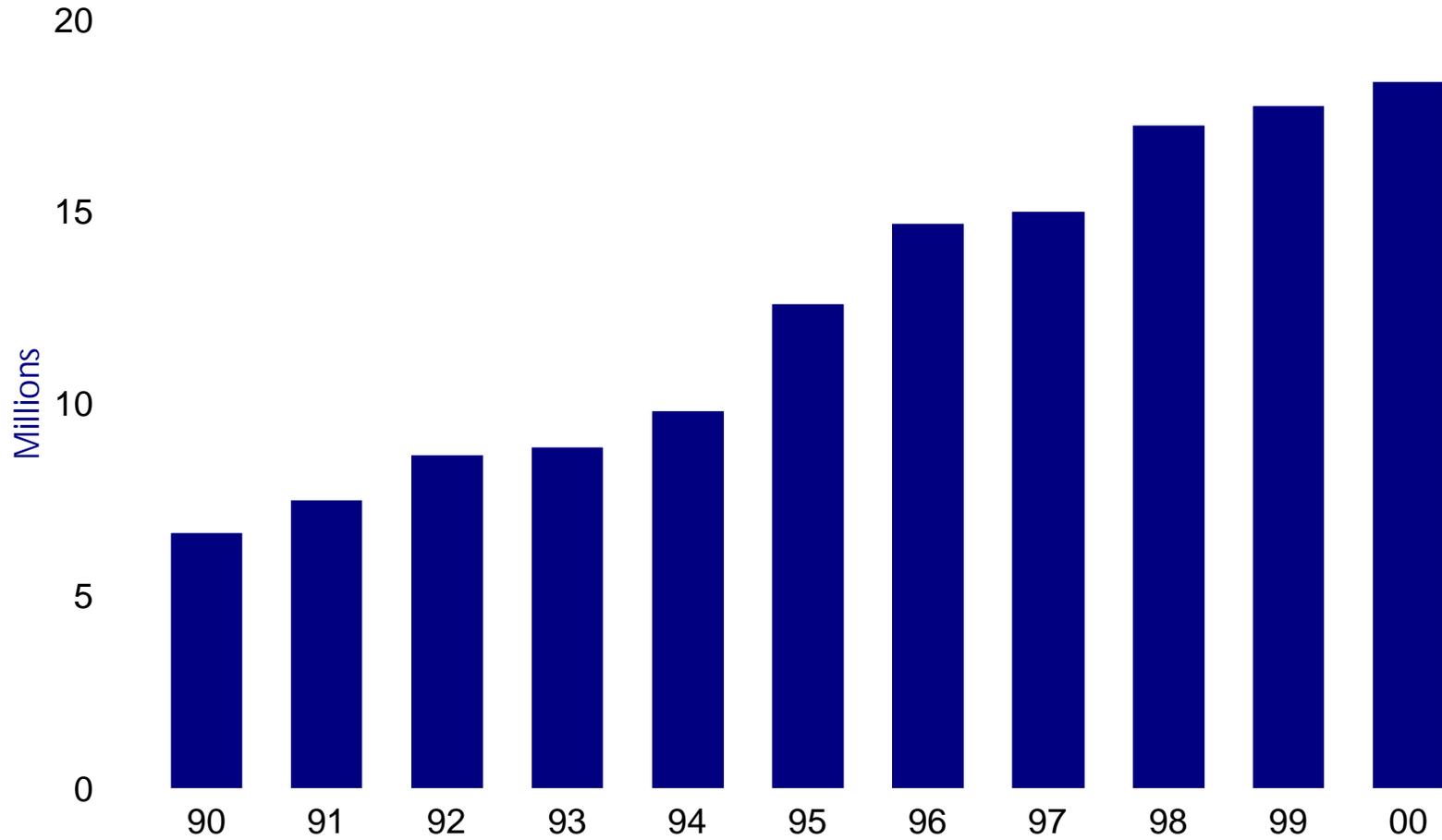


Source: CPB: Annual Financial Reports

Station Resource Group

# BOB Stations' Net Listener Support

After Cost of Fundraising, Adjusted for Inflation (2000 Dollars)

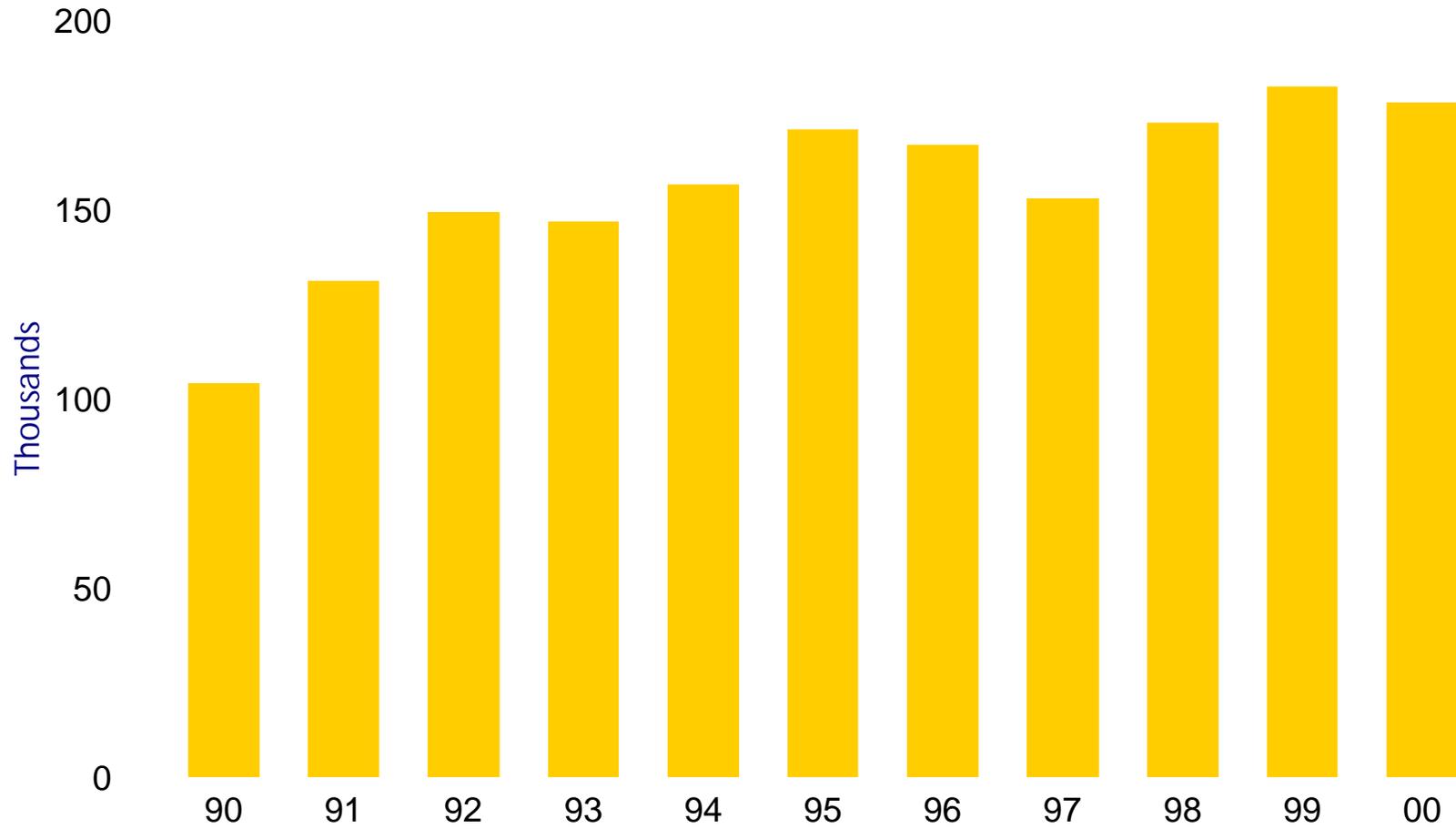


Source: CPB: Annual Financial Reports

Station Resource Group

# BOB Stations' AQH Audience

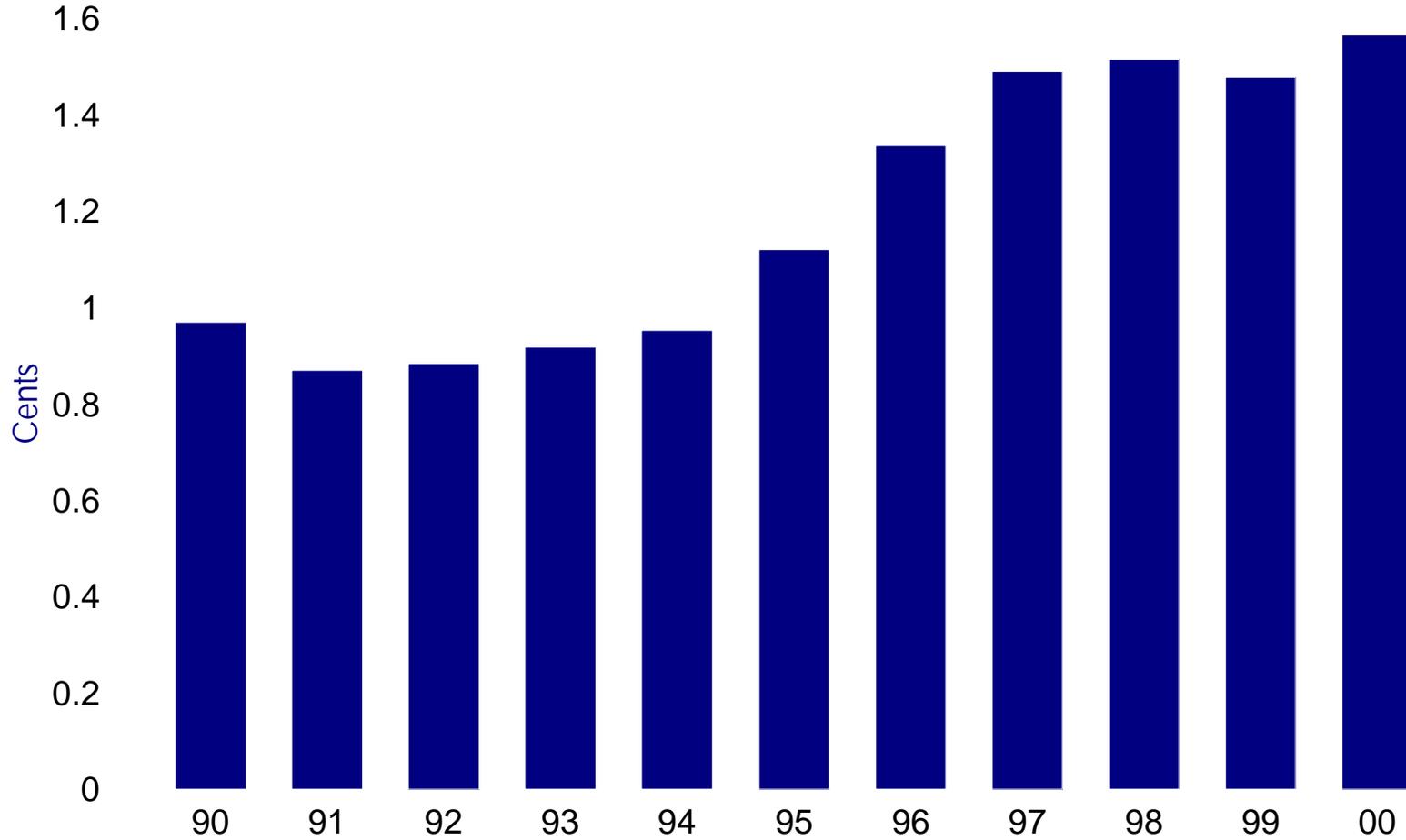
As Estimated by Arbitron



Source: Arbitron, Audience Research Analysis

Station Resource Group

# BOB Stations' Net Listener Support per Listener Hour After Cost of Fundraising, Adjusted for Inflation (2000 Dollars)



Source: CPB: Annual Financial Reports, Arbitron Nationwide

Station Resource Group

## BRILLIANT ON THE BASICS: LISTENER SUPPORT

FUNDRAISING RESULTS: FY 1990 - FY 1999

18 Participating Stations

CURRENT DOLLARS	90	91	92	93	94	95	96	97	98	99	00
Membership revenue	8,767,709	9,826,469	11,506,603	12,573,981	14,022,289	16,443,672	18,906,074	20,582,840	23,854,022	25,257,490	27,586,144
Expenses	4,034,358	4,164,149	4,724,143	5,578,184	6,023,535	5,972,224	5,999,194	7,235,783	8,423,190	9,418,570	10,756,289
Net	4,733,351	5,662,320	6,782,460	6,995,797	7,998,754	10,471,448	12,906,880	13,347,057	15,430,832	15,838,920	16,829,855
Cost of fundraising	46%	42%	41%	44%	43%	36%	32%	35%	35%	37%	39%
Adjust expense allocation											
Expenses (adjusted)	3,707,886	3,875,095	4,413,489	5,115,036	5,554,170	5,264,396	5,501,540	6,572,044	7,504,255	8,057,218	9,187,347
Net (adjusted)	5,059,823	5,951,374	7,093,114	7,458,945	8,468,119	11,179,276	13,404,534	14,010,796	16,349,767	17,200,272	18,398,797
Cost of fundraising	42%	39%	38%	41%	40%	32%	29%	32%	31%	32%	33%
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Avg CPI-U for year	130.7	136.2	140.3	144.5	148.2	152.4	156.9	160.5	163	166.6	172.2
CPI Increase	0.0540	0.0421	0.0301	0.0299	0.0256	0.0283	0.0295	0.0229	0.0156	0.0221	0.0336
Inflator	1.31752	1.26432	1.22737	1.19170	1.16194	1.12992	1.09751	1.07290	1.05644	1.03361	1.00000
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AQH (Arbitron Nationwide)	104,488	131,472	149,764	147,145	156,948	171,438	167,490	153,319	173,330	182,901	178,679
Listener hours (x 1,000)	686,486	863,771	983,949	966,743	1,031,148	1,126,348	1,100,409	1,007,306	1,138,778	1,201,660	1,173,921
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CONSTANT DOLLARS (Adjusted for inflation)	90	91	92	93	94	95	96	97	98	99	00
Membership revenue	11,551,641	12,423,774	14,122,858	14,984,357	16,293,105	18,580,055	20,749,687	22,083,271	25,200,384	26,106,481	27,586,144
Expenses	5,315,352	5,264,805	5,798,271	6,647,497	6,999,006	6,748,143	6,584,201	7,763,251	8,898,609	9,735,161	10,756,289
Net	6,236,290	7,158,968	8,324,587	8,336,860	9,294,099	11,831,912	14,165,486	14,320,020	16,301,775	16,371,321	16,829,855
Net per Listener hour	0.91	0.83	0.85	0.86	0.90	1.05	1.29	1.42	1.43	1.36	1.43
Adjust expense allocation											
Expenses (adjusted)	4,885,218	4,899,349	5,416,983	6,095,565	6,453,631	5,948,353	6,038,019	7,051,128	7,927,808	8,328,049	9,187,347
Net (adjusted)	6,666,423	7,524,425	8,705,875	8,888,792	9,839,474	12,631,701	14,711,668	15,032,143	17,272,576	17,778,433	18,398,797
Net per Listener hour	0.97	0.87	0.88	0.92	0.95	1.12	1.34	1.49	1.52	1.48	1.57

Analysis based on audited financial data reported to CPB on Annual Financial Report.